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TO RUEHC/SECSTATE WASHDC PRIORITY 0135
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RUEHBJ/AMEMBASSY BEIJING PRIORITY 1106
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RHEFDIA/DIA WASHDC PRIORITY
RUEKJCS/JOINT STAFF WASHDC PRIORITY
RHEHNSC/NSC WASHDC PRIORITY
RUEKJCS/SECDEF WASHDC PRIORITY
RHEBAAA/DEPT OF ENERGY WASHDC PRIORITY
RUCPDOG/DEPT OF COMMERCE WASHDC PRIORITY

UNCLAS ASHGABAT 000123

SIPDIS

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STATE FOR SCA/CEN, EEB
PLEASE PASS TO USTDA DAN STEIN
ENERGY FOR EKIMOFF/THOMPSON
COMMERCE FOR HUEPER

E.O. 12958: N/A
TAGS: [PGOV](#) [PREL](#) [EPET](#) [TX](#)
SUBJECT: TURKMENISTAN: PREPARING TO CARRY OUT AUDIT OF
SOUTH YOLOTEN-OSMAN FIELDS

REF: ASHGABAT 0109

11. (U) Sensitive but unclassified. Not for public Internet.

12. (U) A January 23 article in "Neutalniyy Turkmenistan," "Turkmenistan's Colossal Petroleum Reserves to Be Confirmed by Independent Experts," indicated that the state firm, Turkmengeology, will shortly begin an assessment of real reserves in the adjoining South Yoloten (Gunorta Yoloten) and Osman fields. According to the article, exploration has given the government grounds to believe that these two unique fields form one zone of oil and gas accumulation, and that, together, they represent a world-class field with several pay horizons at different depths. If this is confirmed, the article continued, this would be the largest hydrocarbons discovery in Turkmenistan's history. The government is negotiating with an international company to conduct a special audit of the reserves in the two fields.

13. (U) It is not clear whether this special audit will be separate from or the first part of the audit of all Turkmenistan's hydrocarbons reserves that President Berdimuhamedov ordered on December 26. The article stressed that the Turkmenistan-wide audit ordered by the president, if carried out by an internationally recognized consulting company, will substantially increase Turkmenistan's discovered reserves and speed up commercial development of rich deposits. This, in turn, will increase the country's energy potential and allow hydrocarbon officials to adjust Turkmenistan's long-term petroleum sector development plan. Such an audit, the article added, is also a requirement for receiving loans from all world banks requiring guarantees of loan payments, and would offer an incentive for attracting foreign investment. The article concluded that large potential reserves will allow successful implementation of all Turkmenistan's objectives, especially strengthening its energy security and developing a multiple-route export

pipeline system that would allow long-term supply of Turkmenistan's energy to world markets.

14. (SBU) COMMENT: This article is intriguing because of the timing of the special audit -- both Chevron and a consortium of U.S. firms reportedly have submitted proposals to work in the Amu Darya basin, in which the South Yoloten-Osman area is located -- and because of the article's focus on the need to attract foreign investors. While it is not clear to what extent the government is reevaluating its previous ban against allowing foreign firms (with the exception of China National Petroleum Corporation) to work in eastern Turkmenistan, the article seems to imply that Turkmenistan's hydrocarbon agencies may be gearing up to make the case for involving foreign firms in efforts to develop this purportedly giant new field. The possibility that Turkmenistan may be trying to get a handle on just what it holds before it enters serious negotiations with any foreign companies may also explain, in part, the lack of response to date to Chevron's onshore proposal (reftel). END COMMENT.
HOAGLAND